

Stock Symbol: 1325

# Universal Incorporation and Subsidiaries

## Consolidated Parent and Subsidiary Financial Report for Q2 2018

Address:

10 F., No. 372, Linsen N. Rd., Taipei City, Taiwan

Telephone:

(02) 2511-9161

Universal Incorporation and Subsidiaries  
Consolidated Balance Sheets

(In Thousands of New Taiwan Dollars)

Code	Assets	June 30, 2018		December 31, 2017		June 30, 2017	
		Amount	%	Amount	%	Amount	%
	<b>Current Assets</b>						
1100	Cash and cash equivalents	\$ 74,141	4	\$ 75,086	4	\$ 89,023	4
1110	Financial assets at fair value through profit or loss – current	227,091	12	-	-	-	-
1125	Available-for-sale financial assets – current	-	-	175,060	9	208,551	11
1136	Financial assets at amortized cost – current	458,158	24	-	-	-	-
1147	Debt investments without active market - current	-	-	481,443	25	487,018	25
1150	Notes receivable	11,561	-	8,771	1	4,213	-
1170	Accounts receivables	148,743	8	134,233	7	130,574	7
130X	Inventories	123,790	6	144,115	8	129,864	7
1470	Other current assets	16,532	1	16,782	1	19,944	1
11XX	Total current assets	<u>1,060,016</u>	<u>55</u>	<u>1,035,490</u>	<u>55</u>	<u>1,069,187</u>	<u>55</u>
	<b>Non-current Assets</b>						
1517	Financial assets at fair value through other comprehensive income – non-current	54,115	3	-	-	-	-
1543	Financial assets measured at cost – non-current	-	-	57,088	3	57,088	3
1600	Property, plant and equipment	786,204	41	789,059	42	803,242	41
1821	Other intangible assets	40	-	82	-	124	-
1840	Deferred income tax assets	6,473	-	7,446	-	6,954	-
1920	Refundable deposits	181	-	181	-	180	-
1985	Long-term prepayment for lease	8,261	1	8,328	-	8,365	1
15XX	Total non-current assets	<u>855,274</u>	<u>45</u>	<u>862,184</u>	<u>45</u>	<u>875,953</u>	<u>45</u>
1XXX	Total Assets	<u>\$ 1,915,290</u>	<u>100</u>	<u>\$ 1,897,674</u>	<u>100</u>	<u>\$ 1,945,140</u>	<u>100</u>
	<b>Liabilities and Equity</b>						
	<b>Current Liabilities</b>						
2170	Accounts payable	\$ 15,028	1	\$ 32,310	2	\$ 27,239	1
2219	Other payables	55,740	3	25,660	1	100,824	5
2230	Current income tax liabilities	5,976	-	4,686	-	9,057	1
2399	Other current liabilities	1,632	-	1,365	-	2,555	-
21XX	Total current liabilities	<u>78,376</u>	<u>4</u>	<u>64,021</u>	<u>3</u>	<u>139,675</u>	<u>7</u>
	<b>Non-current Liabilities</b>						
2570	Deferred income tax liabilities	50,453	2	50,453	3	50,453	3
2640	Net defined benefit liability – non-current	14,520	1	14,777	1	14,541	1
25XX	Total non-current liabilities	<u>64,973</u>	<u>3</u>	<u>65,230</u>	<u>4</u>	<u>64,994</u>	<u>4</u>
2XXX	Total liabilities	<u>143,349</u>	<u>7</u>	<u>129,251</u>	<u>7</u>	<u>204,669</u>	<u>11</u>
	<b>Equity Attributable to Shareholders of the Parent</b>						
	Capital stock						
3110	Common stock	852,812	45	852,812	45	852,812	44
3200	Capital surplus	3,263	-	3,239	-	3,318	-
	Retained earnings						
3310	Appropriated as legal capital reserve	205,080	11	200,729	11	200,729	10
3320	Appropriated as special capital reserve	162,820	8	158,190	8	158,190	8
3350	Un-appropriated earnings	490,151	26	495,914	26	466,003	24
3300	Total retained earnings	858,051	45	854,833	45	824,922	42
3400	Other equity	(15,152)	(1)	(15,323)	(1)	(18,741)	(1)
31XX	Equity attributable to shareholders of the parent	<u>1,698,974</u>	<u>89</u>	<u>1,695,561</u>	<u>89</u>	<u>1,662,311</u>	<u>85</u>
36XX	Non-controlling interests	72,967	4	72,862	4	78,160	4
3XXX	Total equity	<u>1,771,941</u>	<u>93</u>	<u>1,768,423</u>	<u>93</u>	<u>1,740,471</u>	<u>89</u>
	<b>Total Liabilities and Equity</b>	<u>\$ 1,915,290</u>	<u>100</u>	<u>\$ 1,897,674</u>	<u>100</u>	<u>\$ 1,945,140</u>	<u>100</u>

President  
Mei-hui Huang

General Manager  
Mei-hui Huang

Supervisor  
Shu-chi Liao

Universal Incorporation and Subsidiaries  
Consolidated Statements of Comprehensive Income

(In Thousands of New Taiwan Dollars, Except  
Earnings per share in New Taiwan Dollars)

Code		For the Three Months Ended June 30				For the Six Months Ended June 30			
		2018		2017		2018		2017	
		Amount	%	Amount	%	Amount	%	Amount	%
	Operating Revenue								
4100	Sales Revenue	\$ 218,013	100	\$ 211,524	100	\$ 447,137	100	\$ 439,275	100
	Operating Costs								
5110	Cost of goods Sold	192,812	88	187,088	89	395,471	89	378,456	86
5900	Gross Profit	25,201	12	24,436	11	51,666	11	60,819	14
	Operating Expenses								
6100	Marketing	4,150	2	4,293	2	7,853	2	8,586	2
6200	General and administrative	8,427	4	6,900	3	14,992	3	13,804	3
6300	Research and development	2,646	1	2,435	1	5,052	1	4,616	1
6000	Total operating expenses	15,223	7	13,628	6	27,897	6	27,006	6
6900	Income from Operations	9,978	5	10,808	5	23,769	5	33,813	8
	Non-Operating Income and Expenses								
7010	Other income	3,465	2	2,610	1	5,754	2	5,252	1
7020	Other gains and losses	16,497	7	2,882	2	9,545	2	( 21,161 )	( 5 )
7050	Finance costs	( 7 )	-	( 6 )	-	( 12 )	-	( 15 )	-
7000	Total non-operating income and expenses	19,955	9	5,486	3	15,287	4	( 15,924 )	( 4 )
7900	Income Before Income Tax	29,933	14	16,294	8	39,056	9	17,889	4
7950	Income Tax Expense	5,959	3	5,564	3	7,438	2	5,910	1
8200	Net Income	23,974	11	10,730	5	31,618	7	11,979	3
	Other Comprehensive Income (Loss)								
	Items that will not be reclassified subsequently to profit or loss								
8316	Unrealized gain(loss) from investments in equity instruments at fair value through other comprehensive Income	515	-	-	-	( 1,671 )	( 1 )	-	-
8349	Income tax benefit related to items that will not be reclassified subsequently	-	-	-	-	77	-	-	-
8360	Items that may be reclassified subsequently to profit or loss								
8361	Exchange differences arising on translation of foreign operations	( 1,694 )	( 1 )	6,684	3	3,382	1	( 11,503 )	( 3 )
8362	Unrealized gain from available-for-sale financial assets	-	-	332	-	-	-	612	-
8300	Other comprehensive income (loss) for the period, net of income tax	( 1,179 )	( 1 )	7,016	3	1,788	-	( 10,891 )	( 3 )
8500	Total comprehensive income for the period	\$ 22,795	10	\$ 17,746	8	\$ 33,406	7	\$ 1,088	-
	Net Income Attributable To:								
8610	Shareholders of the parent	\$ 24,060	11	\$ 12,227	6	\$ 32,304	7	\$ 13,601	3
8620	Non-controlling interests	( 86 )	-	( 1,497 )	( 1 )	( 686 )	-	( 1,622 )	-
8600		\$ 23,974	11	\$ 10,730	5	\$ 31,618	7	\$ 11,979	3
	Total Comprehensive Income Attributable To:								
8710	Shareholders of the parent	\$ 23,278	10	\$ 17,591	8	\$ 33,301	7	\$ 5,553	1
8720	Non-controlling interests	( 483 )	-	155	-	105	-	( 4,465 )	( 1 )
8700		\$ 22,795	10	\$ 17,746	8	\$ 33,406	7	\$ 1,088	-
	Earnings Per Share								
9750	Basic earnings per share	\$ 0.28		\$ 0.14		\$ 0.38		\$ 0.16	
9850	Diluted earnings per share	\$ 0.28		\$ 0.14		\$ 0.38		\$ 0.16	

President  
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Universal Incorporation and Subsidiaries  
Consolidated Statements of Changes in Equity

(In Thousands of New Taiwan Dollars)

		Equity Attributable to Shareholders of the Parent											
		Others Equity									Total	Non-controlling Interests	Total Equity
Code		Capital Stock	Capital Surplus	Legal capital Reserve	Special Capital Reserve	Un-appropriated Earnings	Re-measurement of Defined Benefit Obligation	Exchange Differences on Translating Foreign Operations	Unrealized Gain/Loss from Available For sale Financial Assets	Unrealized gain(loss) from investments in equity instruments at fair value through other Comprehensive Income			
A1	Balance, January 1, 2017	\$ 852,812	\$ 3,318	\$ 189,556	\$ 147,496	\$ 542,494	(\$ 1,748)	(\$ 8,867)	(\$ 78)	\$ -	\$ 1,724,983	\$ 82,625	\$ 1,807,608
	Appropriation of 2016 earnings												
B1	Legal capital reserve	-	-	11,173	-	( 11,173)	-	-	-	-	-	-	-
B3	Special Capital Reserve	-	-	-	10,694	( 10,694)	-	-	-	-	-	-	-
B5	cash dividend distributed by the company — NTD0.80/per share	-	-	-	-	( 68,225)	-	-	-	-	( 68,225)	-	( 68,225)
D1	Net income for the six months ended June 30, 2017	-	-	-	-	13,601	-	-	-	-	13,601	( 1,622)	11,979
D3	Other comprehensive income for the six months ended June 30, 2017, net of income tax	-	-	-	-	-	-	( 8,660)	612	-	( 8,048)	( 2,843)	( 10,891)
D5	Total comprehensive income for the six months ended June 30, 2017	-	-	-	-	13,601	-	( 8,660)	612	-	5,553	( 4,465)	1,088
Z1	Balance, June 30, 2017	<u>\$ 852,812</u>	<u>\$ 3,318</u>	<u>\$ 200,729</u>	<u>\$ 158,190</u>	<u>\$ 466,003</u>	<u>(\$ 1,748)</u>	<u>(\$ 17,527)</u>	<u>\$ 534</u>	<u>\$ -</u>	<u>\$ 1,662,311</u>	<u>\$ 78,160</u>	<u>\$ 1,740,471</u>
A1	Balance, January 1, 2018	\$ 852,812	\$ 3,239	\$ 200,729	\$ 158,190	\$ 495,914	(\$ 2,140)	(\$ 13,945)	\$ 762	\$ -	\$ 1,695,561	\$ 72,862	\$ 1,768,423
A3	Effect of retrospective application	-	-	-	-	762	-	-	( 762)	( 64)	( 64)	-	( 64)
A5	Adjusted Balance, January 1, 2018	852,812	3,239	200,729	158,190	496,676	( 2,140)	( 13,945)	-	( 64)	1,695,497	72,862	1,768,359
	Appropriation of 2017 earnings												
B1	Legal capital reserve	-	-	4,351	-	( 4,351)	-	-	-	-	-	-	-
B3	Special Capital Reserve	-	-	-	4,630	( 4,630)	-	-	-	-	-	-	-
B5	cash dividend distributed by the company — NTD0.35/per share	-	-	-	-	( 29,848)	-	-	-	-	( 29,848)	-	( 29,848)
C3	Generated from donation	-	24	-	-	-	-	-	-	-	24	-	24
D1	Net income for the six months ended June 30, 2018	-	-	-	-	32,304	-	-	-	-	32,304	( 686)	31,618
D3	Other comprehensive income for the six months ended June 30, 2018, net of income tax	-	-	-	-	-	77	2,591	-	( 1,671)	997	791	1,788
D5	Total comprehensive income for the six months ended June 30, 2018	-	-	-	-	32,304	77	2,591	-	( 1,671)	33,301	105	33,406
Z1	Balance, June 30, 2018	<u>\$ 852,812</u>	<u>\$ 3,263</u>	<u>\$ 205,080</u>	<u>\$ 162,820</u>	<u>\$ 491,151</u>	<u>(\$ 2,063)</u>	<u>(\$ 11,354)</u>	<u>\$ -</u>	<u>(\$ 1,735)</u>	<u>\$ 1,698,974</u>	<u>\$ 72,967</u>	<u>\$ 1,771,941</u>

President  
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General Manager  
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Universal Incorporation and Subsidiaries  
Consolidated Statements of Cash Flows

(In Thousands of New Taiwan Dollars)

Code		For the Six Months Ended June 30	
		2018	2017
	Cash Flows from Operating Activities		
A10000	Income before income tax	\$ 39,056	\$ 17,889
A20010	Adjustments for:		
A20100	Depreciation expense	30,013	31,984
A20200	Amortization expense	42	42
A29900	Amortization of prepayment for lease	159	152
A20900	Finance costs	12	15
A21200	Interest income	( 3,822 )	( 3,276 )
A21300	Dividend income	( 629 )	-
A22500	Loss on disposal of property, plant and equipment	3	27
A23100	Gain on disposal of financial assets, net	( 98 )	( 51 )
A23800	Loss (reversal gain) on inventories valuation	203	( 925 )
A20400	gain on financial assets at fair value through profit or loss -current	( 365 )	-
A24100	Net foreign exchange losses (gains)	( 9,842 )	18,564
A30000	Changes in operating assets and liabilities		
A31130	Notes receivable	( 2,790 )	6,021
A31150	Accounts receivable	( 14,299 )	38,705
A31200	Inventories	20,703	19,718
A31240	Other current assets	2,149	12,257
A32150	Accounts payable	( 17,496 )	( 22,346 )
A32180	Other payables	1,525	( 4,624 )
A32230	Other current liabilities	259	282
A32240	Net defined benefit liability	( 257 )	( 802 )
A33000	Cash generated from operations	44,526	113,632
A33100	Interest received	3,927	2,893
A33300	Interest paid	( 14 )	( 15 )
A33500	Income taxes paid	( 5,098 )	( 14,728 )
AAAA	Net cash inflow generated by operating activities	<u>43,341</u>	<u>101,782</u>

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Code		For the Six Months Ended June 30	
		2018	2017
Cash Flows from Investing Activities			
B00010	Acquisitions of Financial assets at fair value through profit or loss	( 78,000 )	-
B00020	Proceeds from disposal or redemption of Financial assets at fair value through profit or loss	26,432	-
B00300	Acquisitions of available-for-sale financial assets	-	( 100,000 )
B00400	Proceeds from disposal or redemption of available-for-sale financial assets	-	37,000
B00600	Acquisitions of debt investments with no active market	-	( 274,081 )
B00700	Proceeds from disposal or redemption of debt investments with no active market	-	260,422
B00040	Acquisitions of Financial assets at amortized cost-current	( 245,976 )	-
B00050	Proceeds from disposal or redemption of Financial assets at amortized cost-current	278,981	-
B02700	Payments for property, plant and equipment	( 26,266 )	( 10,200 )
B03800	Decrease in refundable deposits	<u>-</u>	<u>70</u>
BBBB	Net cash generated from (used in) investing activities	<u>( 44,829 )</u>	<u>( 86,789 )</u>
Cash Flows from Financing Activities			
C09900	Other Financing Activities	<u>24</u>	<u>-</u>
CCCC	Net cash generated from (used in) financing activities	<u>24</u>	<u>-</u>
DDDD	Effect of exchange rate changes on cash and cash equivalents	<u>519</u>	<u>( 1,763 )</u>
EEEE	Net increase (decrease) in cash and cash equivalents	( 945 )	13,230
E00100	Cash and cash equivalents, beginning of period	<u>75,086</u>	<u>75,793</u>
E00200	Cash and cash equivalents, end of period	<u>\$ 74,141</u>	<u>\$ 89,023</u>

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